

Message Text

CONFIDENTIAL

PAGE 01 CARACA 09599 271754Z

45

ACTION ARA-20

INFO OCT-01 ISO-00 ARAE-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 PC-04 IO-14 EB-11 INT-08 FEAE-00 SAM-01

AID-20 CIEP-03 STR-08 TRSE-00 COME-00 CEA-02 SCI-06

OPIC-12 SIL-01 LAB-06 DRC-01 /193 W

----- 044234

P 271613Z SEP 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC PRIORITY 6059

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMCONSUL CURACAO

AMEMBASSY GEORGETOWN

AMEMBASSY PORT OF SPAIN

USCINCSO

C O N F I D E N T I A L CARACAS 9599

E.O. 11652 GDS

TAGS: PIN PFOR VE

SUBJ: POLITICAL ASSESSMENT OF PRESIDENT PEREZ AFTER SIX

MONTHS IN OFFICE

USINCSO FOR POLAD

BEGIN SUMMARY. SIX MONTHS AFTER PRESIDENT CARLOS ANDRES PEREZ'S INAUGURATION VENEZUELA REMAINS PEACEFUL, ITS ECONOMY CONTINUES TO BOOM, AND PRESIDENT PEREZ, THE UNCHALLENGED MASTER OF THE LOCALPOLITICAL SCENE AND BACKED BY HIS COUNTRY'S PETROLEUM RESOURCES, IS EMERGING AS A HEMISPHERE AND WORLD FIGURE.
END SUMMARY.

1. DURING THE SIX MONTHS SINCE PRESIDENT CARLOS ANDRES PEREZ CAME TO POWER(MAR 12, 1974) UNDER UNPRECEDENTEDLY AUSPICIOUS CIRCUMSTANCES, VENEZUELA HAS CONTINUED TO MAKE REMARKABLE ECO-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 CARACA 09599 271754Z

NOMIC PROGRESS, AND PEREZ HAS REMAINED IN FIRM POLITICAL

COMMAND OF HIS COUNTRY. THE SWEEPING ELECTORAL VICTORY OF HIS ACCION DEMOCRATICA(AD) PARTY GAVE PEREZ CONTROL OF BOTH HOUSES OF CONGRESS, AND HE WAS EASILY ABLE TO OBTAIN AT THE END OF MAY EXTRA-ORDINARY POWERS TO CARRY OUT HIS ECONOMIC PROGRAM, WHICH ENABLES HIM VIRTUALLY TO RULE BY DECREE FOR ONE YEAR WITH RESPECT TO ALMOST ALL IMPORTANT ECONOMIC AND FINANCIAL MATTERS. SINCE THEN PEREZ HAS CONCENTRATED ON A VIGOROUS ECONOMIC PROGRAM INTENDED TO GIVE HOPE AND EXPECTATION TO THE LESS ADVANTAGED PORTION OF VENEZUELA'S POPULATION. AT THE SAME TIME PEREZ HAS PRESSED HIS INTENTION TO TAKE OVER US IRON ORE FIRMS BEFORE THE END OF 1974 AND TO NATIONALIZE US AND OTHER FOREIGN-OWNED OIL COMPANIES IN 1975. INTERNATIONALLY, VENEZUELA HAS EMERGED AS A FINANCIAL POWER TO BE RECKONED WITH AND, ARMED WITH ITS OIL CLOUT, VENEZUELA IS ASSUMING INCREASING LEADERSHIP WITHIN LATIN AMERICA. ALL THIS HAS WIDE POLITICAL SUPPORT IN VENEZUELA.

2. PEREZ'S POLICIES HAVE BEEN DESIGNED TO, AND HAVE LARGELY SUCCEEDED IN, NULLIFYING EFFECTIVE DOMESTIC OPPOSITION FROM BOTH RIGHT AND LEFT. WITH THE ECONOMY GROWING BY LEAPS AND BOUNDS AND MONEY POURING INTO THE NATIONAL TREASURY FASTER THAN IT CAN BE SPENT, THE POLITICALLY NEGLIGIBLE RIGHT IS MORE CONCERNED WITH CONSERVING OR, BETTER YET, MAXIMIZING ITS STAKE IN THE ECONOMY. THE VENEZUELAN MILITARY--THE ULTIMATE LOCUS OF POWER IN THIS COUNTRY--SEEMS GENERALLY CONTENT WITH PEREZ AND THE ADECOS. HOWEVER, A FEELING OF DISCONTENT EXISTS AMONG SOME OFFICERS BECAUSE OF PEREZ'S APPARENT FAILURE TO HOLD TO HIS ELECTION PROMISE TO KEEP POLITICS OUT OF PROMOTION AND ASSIGNMENT POLICIES.

3. THE LARGEST OPPOSITION PARTY, COPEI, IS STILL IN SHOCK FROM ITS DISASTROUS ELECTORAL DEFEAT LAST DECEMBER AND IS ATTEMPTING SLOWLY AND PAINFULLY TO PULL ITSELF TOGETHER UNDER THE LEADERSHIP OF EX-PRESIDENT CALDERA. COPEI IS TRYING HARD TO FAULT PEREZ AND AD FOR THE GOVT'S HANDLING OF THE DOMESTIC ECONOMY, ESPECIALLY THE RISING COST OF LIVING, BUT THE VERY BOUYANT ECONOMY PLUS SUCH POPULIST GOVT MEASURES AS ACROSS-THE-BOARD WAGE INCREASES. PRICE FREEZES AND THE LIKE, HAVE MUTED THE EFFECTIVENESS OF CRITICISM OF PEREZ'S DOMESTIC ECONOMIC POLICIES BY COPEI AND INDEED ALL THE OTHER POLITICAL PARTIES. IN HIS INTERNATIONAL ECONOMIC POLICIES, PEREZ'S MOVES TOWARD NATIONALIZING THE PETROLEUM AND IRON ORE INDUSTRIES ARE RECEIVING

CONFIDENTIAL

PAGE 03 CARACA 09599 271754Z

BROAD DOMESTIC SUPPORT, WHILE HIS ATTACKS ON MULTINATIONAL OPERATIONS AND HIS VIGOROUS ESPOUSAL OF MUCH HIGHER PRICES FOR COMMODITIES, INCLUDING PETROLEUM, PRODUCED BY LATIN AMERICAN AND OTHER DEVELOPING AREAS--ATTEMPTS TO GAIN RESPECT AND RECOGNITION FOR VENEZUELA ABROAD AND DOMESTIC CREDIT FOR HIMSELF--ARE BEING WARMLY APPLAUDED AND SUPPORTED BY THE ENTIRE POLITICAL SPECTRUM OF THIS COUNTRY. ALSO, VENEZUELA'S BOUNDARY DISPUTE WITH COLOMBIA APPEARS TO BE MOVING SLOWLY TO A

SETTLEMENT WHICH WILL BE ACCEPTABLE TO THE VENEZUELAN PEOPLE.

4. WHILE PEREZ'S POWER AND POPULARITY REMAIN VERY HIGH, SEVERAL POLITICAL TROUBLE SPOTS, ACTUAL OR POTENTIAL, MAR THE PICTURE. IN THE FIRST PLACE, PEREZ'S POLICIES AND POPULARITY HAVE RAISED GREAT POPULAR EXPECTATIONS. IF HIS ADMINISTRATION IS UNABLE TO DELIVER, I.E. TO SATISFY THE EXPECTATIONS OF VENEZUELA'S HUNGRY POOR, PEREZ WILL CERTAINLY FACE SERIOUS POLITICAL TROUBLE. IN THIS CONNECTION IT IS INTERESTING TO NOTE THAT AD HAS PLACED BANNERS ALL OVER CARACAS PROCLAIMING "WE DIDN'T CREATE THE PROBLEMS--WE'RE TRYING TO SOLVE THEM." SECONDLY, THERE IS SOME DISSATISFACTION AND MUCH BEWILDERMENT AMONG BUSINESSMEN AND THE GENERAL PUBLIC AS WELL IN UNDERSTANDING, INTERPRETING AND APPLYING THE MYRIAD DECREES AND REGULATIONS BEING ISSUED BY THE GOVT. THERE IS CONSIDERABLE PUBLIC FEELING THAT PEREZ AND HIS MINISTERS ARE GOING TOO FAST, TRYING TO ACCOMPLISH TOO MUCH TOO QUICKLY, WITH CONSEQUENT WASTE AND CONFUSION. THIRDLY, MUCH DISSENSION AND UNHAPPINESS EXISTS WITHIN ACCION DEMOCRATICA. MANY OF THE PARTY REGULARS FEEL IGNORED, SHUNTED ASIDE AND DISDAINED BY THE PRESIDENT AND HIS SMALL CLIQUE OF TOP ADVISERS. MANY AD FAITHFUL RESENT THE RESPONSIBILITY AND INFLUENCE GIVEN BY PEREZ TO CERTAIN NON-ADECO POLITICIANS, E.G. THE ABLE AND DYNAMIC GOVERNOR OF CARACAS, DIEGO ARRIA. MANY ADECOS ALSO DISLIKE THE OFTEN ABRUPT AND DICTATORIAL BEHAVIOR OF PEREZ'S TOP AIDES. STILL OTHERS ARE UNHAPPY THAT THE PEREZ ADMINISTRATION SHOULD BE SO DOMINATED BY THE PRESIDENT, WHO IS, OF COURSE, MUCH LESS ACCESSIBLE TO THE PARTY FAITHFUL NOWADAYS THAN BEFORE HE BECAME PRESIDENT. SOME FEARS ARE ALSO BEING EXPRESSED IN AND OUT OF AD THAT PEREZ, IN LOVE WITH POWER AND HIS JOB, WOULD NOT BE ADVERSE TO REMOVING THE CONSTITUTIONAL PROHIBITION WHICH PREVENTS A PRESIDENT FROM IMMEDIATELY SUCCEEDING HIMSELF. SUCH FEARS ESPECIALLY WORRY THE VARIOUS ADECO POLITICIANS WHO HAVE ALREADY BEGUN TO JOCKEY FOR THE PARTY'S PRESIDENTIAL CANDIDACY IN 1978. BUT ACCION DEMOCRATICA, CONFIDENTIAL

CONFIDENTIAL

PAGE 04 CARACA 09599 271754Z

BASKING IN THE AFTERGLOW OF THE PARTY'S RECENT JUBILANT CELEBRATION OF ITS 33RD ANNIVERSARY, RIGHT NOW IS RIDING HIGH, AND ANY RUMBLINGS OF DISCONTENT WITHIN THE PARTY ARE A FACTOR OF A SURFEIT OF SUCCESS, NOT FAILURE.

5. THUS, AFTER SIX MONTHS IN OFFICE, CARLOS ANDRES PEREZ REMAINS IN STRONG COMMAND OF HIS COUNTRY. HE IS EXERCISING HIS POPULAR MANDATE FOR "DEMOCRACY WITH ENERGY" WITH GREAT VIGOR AND ECLAT, TO THE EVIDENT APPROVAL OF MOST VENEZUELAN. A STRONG, DEMOCRATICALLY ELECTED PRESIDENT OF A RAPIDLY DEVELOPING COUNTRY ENDOWED WITH A RESOURCE DESPERATELY NEEDED BY DEVELOPED NATIONS, IT MAY NOT BE TOO MUCH TO STATE THAT PRESIDENT PEREZ OF VENEZUELA IS FAST EMERGING AS ONE OF THE SIGNIFICANT POLITICAL FIGURES OF THE WESTERN WORLD. FISHER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESIDENT, REPORTS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 27 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974CARACA09599
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740273-0479
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974099/aaaaahaw.tel
Line Count: 169
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 11 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <11 SEP 2002 by boyleja>; APPROVED <03 MAR 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POLITICAL ASSESSMENT OF PRESIDENT PEREZ AFTER SIX MONTHS IN OFFICE
TAGS: PINT, PFOR, VE, (PEREZ, CARLOS ANDRES)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005